



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

|                         |              |                |   |
|-------------------------|--------------|----------------|---|
| <b>Bill #</b>           | HB0047       | <b>Title:</b>  | Quarter time ANB for 135 hours of pupil instruction |
| <b>Primary Sponsor:</b> | Ginde, Wanda | <b>Status:</b> | As Introduced                                       |

- |  |  |  |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget        | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

|  | <u>FY 2010<br/>Difference</u> | <u>FY 2011<br/>Difference</u> | <u>FY 2012<br/>Difference</u> | <u>FY 2013<br/>Difference</u> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Expenditures:</b>                   |                               |                               |                               |                               |
| General Fund                           | \$0                           | \$265,615                     | \$265,615                     | \$265,615                     |
| <b>Revenue</b>                         |                               |                               |                               |                               |
| General Fund                           | \$0                           | \$0                           | \$0                           | \$0                           |
| <b>Net Impact-General Fund Balance</b> | <u>\$0</u>                    | <u>(\$265,615)</u>            | <u>(\$265,615)</u>            | <u>(\$265,615)</u>            |

**Description of fiscal impact:** HB 47 increases state support for school district general fund budgets by \$265,615 in the 2011 biennium for students who are enrolled for at least 135 hours of pupil instruction and less than 180 hours. The on-going cost is \$266,000 annually.

### FISCAL ANALYSIS

#### Assumptions:

- Under current law, the average number belonging used to determine the general fund budgets for K-12 public schools will be as follows:

|                 | <u>FY 2009</u> | <u>FY 2010</u> | <u>FY 2011</u> | <u>FY 2012</u> | <u>FY 2013</u> |
|-----------------|----------------|----------------|----------------|----------------|----------------|
| <b>K-6 ANB</b>  | 77,753         | 77,541         | 77,951         | 79,887         | 80,769         |
| <b>7-8 ANB</b>  | 23,353         | 22,832         | 22,531         | 22,448         | 22,394         |
| <b>9-12 ANB</b> | <u>48,642</u>  | <u>47,673</u>  | <u>46,734</u>  | <u>45,889</u>  | <u>44,971</u>  |
|                 | 149,748        | 148,046        | 147,216        | 148,224        | 148,134        |

- The OPI projects an increase of 65 additional ANB resulting from the passage of HB 47. This projection is based on an estimated 250 students (who are not currently generating ANB funding) meeting the threshold of 135 hours of pupil instruction to be considered for one-quarter time enrollment. The students enrolled in FY 2010 will generate ANB funding for FY 2011.

3. The additional ANB are projected to be in grades 7-12 and to generate ANB funding at the high school per-ANB rate of \$6,405 in FY 2011 and beyond.
4. The number of FTE generating the quality educator payment is estimated to be:

|                  | <u><b>FY 2009</b></u> | <u><b>FY 2010</b></u> | <u><b>FY 2011</b></u> | <u><b>FY 2012</b></u> | <u><b>FY 2013</b></u> |
|------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>FTE Count</b> | 12,590                | 12,590                | 12,590                | 12,590                | 12,590                |

5. The basic and per-ANB entitlements will remain the same as current law set as follows:

| <u><b>Entitlement</b></u>  | <u><b>FY 2009</b></u> |
|----------------------------|-----------------------|
| <b>Elementary Basic</b>    | \$21,922              |
| <b>Middle School Basic</b> | \$62,083              |
| <b>High School Basic</b>   | \$243,649             |
| <b>Elementary Per-ANB</b>  | \$4,716               |
| <b>High School Per-ANB</b> | \$6,037               |

6. Direct State Aid, GTB and other general fund components are computed with the school funding model used by the Office of Public Instruction, the Legislative Fiscal Division and the Office of Budget and Program Planning using current statutory entitlements, enrollment estimates and estimated property tax values.
7. The present law adjustments do not include inflationary increases for the general fund payments in 20-9-327 through 20-9-330, MCA, (quality educator payment, at-risk student payment, Indian education for all payment, American Indian achievement gap payment). The payments will total \$49.6 million in FY 2010 and \$49.5 million in FY 2011.
8. The statewide taxable valuations will increase by 3.47% in FY 2010 and 3.36% in FY 2011 and beyond.
9. The increased retirement expense is estimated by determining the amount of increase in the BASE budget, multiplying times the percentage of the general fund budget that is typically salaries (75% salaries) to get the increased salaries associated with this bill.
10. Estimated benefit rate is 15% based upon FY 2008 employer contribution rates:

|                     | <u><b>Certified Staff</b></u> | <u><b>Classified Staff</b></u> |
|---------------------|-------------------------------|--------------------------------|
| <b>TRS</b>          | 7.47%                         |                                |
| <b>PERS</b>         |                               | 6.90%                          |
| <b>FICA</b>         | 6.20%                         | 6.20%                          |
| <b>Medicare</b>     | 1.45%                         | 1.45%                          |
| <b>Unemployment</b> | 0.02%                         | 0.02%                          |
| <b>Totals</b>       | <b>15.14%</b>                 | <b>14.57%</b>                  |

11. Based on budget data from FY 2008, on the marginal, the state pays retirement guaranteed tax base aid (GTB) of approximately 28% of countywide retirement tax levy.
12. Estimated cost to the state and county for teacher retirement:

| <u><b>Fiscal Year</b></u> | <u><b>Estimated Additional Salaries</b></u> | <u><b>Estimated Benefit Rate</b></u> | <u><b>Retirement Cost</b></u> | <u><b>State Share</b></u> | <u><b>County Share</b></u> |
|---------------------------|---|--------------------------------------|-------------------------------|---------------------------|----------------------------|
| <b>2010</b>               | \$0   | 15%                                  | \$0                           | \$0                       | \$0                        |
| <b>2011</b>               | \$265,615                                   | 15%                                  | \$39,842                      | \$11,156                  | \$28,686                   |
| <b>2012</b>               | \$265,615                                   | 15%                                  | \$39,842                      | \$11,156                  | \$28,686                   |
| <b>2013</b>               | \$265,615                                   | 15%                                  | \$39,842                      | \$11,156                  | \$28,686                   |

|   | <u>FY 2010<br/>Difference</u> | <u>FY 2011<br/>Difference</u> | <u>FY 2012<br/>Difference</u> | <u>FY 2013<br/>Difference</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b><u>Fiscal Impact:</u></b>  |                               |                               |                               |                               |
| FTE   | 0.00                          | 0.00                          | 0.00                          | 0.00                          |
| <b><u>Expenditures:</u></b>   |                               |                               |                               |                               |
| Local Assistance (DSA, GTB, Retirement GTB)                                       | \$0                           | \$265,615                     | \$265,615                     | \$265,615                     |
| <b><u>Funding of Expenditures:</u></b>  |                               |                               |                               |                               |
| General Fund (01)   | \$0                           | \$265,615                     | \$265,615                     | \$265,615                     |
| <b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b> |                               |                               |                               |                               |
| General Fund (01)   | \$0                           | (\$265,615)                   | (\$265,615)                   | (\$265,615)                   |

**Effect on County or Other Local Revenues or Expenditures:**

District levies may increase by an estimated \$151,000 statewide in FY 2011 and each year thereafter due to HB 47.

**Technical Notes:**

The effective date for HB 47 is upon passage and approval. School districts will begin reporting the enrollment of students who are enrolled for 135-179 hours beginning in the fall of 2009. These enrollments will drive ANB calculations and state funding for FY 2011.

---

*Sponsor's Initials*


---

*Date*


---

*Budget Director's Initials*


---

*Date*